

Representative Peter Lund
Chairman, House Insurance Committee
P.O. Box 30014
Lansing, MI 48909-7548

Dear Rep. Lund,

On Aug. 29, Michigan Public Radio reported on the current legislative initiative to rewrite Michigan's 38-year-old Automobile No-Fault Insurance Act. Reporter Lester Graham quoted recovering brain-injury victim Corey Barron as follows:

"I had no idea what 'no-fault' was. I mean, I had I no idea, but now I definitely know what it is now, that's for sure."

I had no clue myself when my son, Philip, suffered a devastating brain injury as an 18-year-old when the drunk driver he was riding with crashed into a tree in 1990. Philip survived but requires assistance with all activities of daily living: dressing, eating, bathing, etc. He has lived in an excellent facility serving brain-injured individuals in Ann Arbor since 1997.

The cost of Philip's care to date has passed \$3.6 million. He still receives physical and occupational therapy, 21 years later. This and living in a stimulating environment has maintained him, despite his dependence, in a healthy state able to take part in social activities and enjoy time with his family.

The no-fault act says that the injured are entitled to "all reasonable charges incurred for reasonably necessary products, services and accommodations for an injured person's care, recovery or rehabilitation," payable for life and without dollar limitation.

As you know, House Bill 4936 and Senate Bill 649 would allow vehicle owners to select from four levels of personal injury coverage: \$250,000, \$500,000, \$1 million and \$5 million.

At present, the injured's own insurer is to pay up to \$500,000 of injury claims. Costs above that are paid from a fund built on a line item in auto insurance bills called "MCCA Assessment."

Corey Barron didn't know what "MCCA Assessment" is and neither did I. Each of us pays about \$143 into that fund annually. It represents 13.5 percent of my annual premium.

The personal injury part of my premium, the part covered by the no-fault act, is 16.5 percent. Together, they are 30 percent of my premium.

Collision coverage is 63 percent of my premium.

Let's look at the two bills through a lens based on experience with no-fault. First, more than 90 percent of auto injury claims fall under \$50,000. One in 17 exceed \$50,000 and one in 200 go over \$400,000.

The MCCA pays claims exceeding \$500,000. In 33 years, 25,200 claims have been passed to MCCA. It is currently paying on 11,300 of these.

Think of it -- more than 11,000 disabled Michigan residents who require ongoing care and

services.

But these costs are borne by those who stand to benefit from lifetime no-fault coverage, Michigan vehicle owners. Under HB 4936 and SB 649, an injured individual whose benefits halted at \$250,000 then would have to depend on his own resources or rely on taxpayers via Medicaid, Medicare or Social Security.

Neither you nor Sen. Hune nor Rep. Smith offers any assurance that the legislation would significantly reduce auto insurance premiums. Of course, neither is Allstate, State Farm or AAA.

If you truly wanted to make premiums more affordable, you would advocate empowering the insurance commissioner to review rates and order rollbacks or refunds as he or she saw fit.

You would challenge the surcharges the companies impose based on residence, credit history, prior coverage, occupation or education.

I can't for the life of me understand why the insurance companies are in such a constant dither over no-fault. They are highly profitable and pretty much have things their own way in this state.

Do we hear them complaining that paying the first \$500,000 in injury claims threatens their bottom lines? No.

Do we hear anyone claiming that the MCCA fund cannot pay claims at the current rate? No.

All your bill would do would be to pad insurance companies' profits and leave thousands of Michigan drivers underinsured, likely dependent on the taxpayers' largesse in the event of debilitating injuries.

Is that really what you want to achieve?

Sincerely,

Ron Krueger

Grand Blanc